

**INFORMATION TECHNOLOGY INDUSTRY COUNCIL**

July 14, 1995

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: CC Docket No. 95-72 -- Reply Comments of the Information  
Technology Industry Council

Dear Mr. Caton:

I am enclosing an original and nine copies of reply comments of the  
Information Technology Industry Council (ITI) in response to CC Docket No.  
95-72.

Sincerely,

*Fiona J. Branton*

Fiona J. Branton  
Director, Government Relations and  
Regulatory Counsel  
Information Technology Industry Council

Enclosures

cc: Peggy Reitzel, Policy and Program Planning Division,  
Common Carrier Bureau  
Mark Corbitt, Director, Technology Policy,  
Office of Plans and Policy

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*The association of leading IT companies*

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Before the  
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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of )

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CC Docket 95-72

End User Common Line Charges)

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Reply Comments of the  
Information Technology Industry Council

The Information Technology Industry Council ("ITI") hereby files its reply comments in the above docket. The overwhelming weight of the initial comments filed by parties in this proceeding support the Commission's application of the subscriber line charge (SLC) to ISDN services on a per-facility basis.<sup>1</sup>

The parties' initial comments reflect a virtually unanimous consensus that:

- PC-based internet access, remote LAN access, videoconferencing and other telecommuting and on-line services are creating demand for ISDN as the minimum requirement for meaningful digital transmissions.<sup>2</sup>
- While ISDN is growing rapidly,<sup>3</sup> it is currently a niche business.<sup>4</sup>
- Growth in ISDN deployment and usage should be encouraged, not discouraged.<sup>5</sup>

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<sup>1</sup> Many commenters also agreed with ITI that, if the Commission believes that it must generate additional SLC revenue, this could be accomplished by assessing one SLC for each copper pair used to provide ISDN access.

<sup>2</sup> E.g., American Petroleum Institute at 2-3.

<sup>3</sup> E.g., MCI at 3.

<sup>4</sup> E.g., BellSouth at 2.

<sup>5</sup> E.g., Center for Democracy and Technology at 2-3.

- Affordable pricing of ISDN is critical to its widespread usage.<sup>6</sup>
- ISDN deployment does not require local exchange carriers (LECs) to undertake replacement of the local loop or otherwise increase nontraffic sensitive (NTS) costs.<sup>7</sup>
- The Commission should assess SLCs to ISDN on a per-facility basis.<sup>8</sup>
- Assessing SLCs on a per-facility basis is technology indifferent and will not deter or otherwise penalize the development of future technologies.<sup>9</sup>

The commenting parties include key participants in the new computer-communications industry: computer hardware and software companies, local exchange carriers, computer user groups, and others. The comments filed are evidence of the critical public interest in this matter -- the public's acute need for expeditious and ubiquitous deployment of ISDN services at affordable prices. The Commission's decision in this matter (and those of other regulators of ISDN services when they have similar opportunities to affect ISDN rates) must be in the direction of moving ISDN rates closer to cost, rather than artificially raising them. Such decisions are critical to widespread residential and business acceptance of this new technology.

Even as sales of ever-more powerful personal computers (PCs) to the home and to businesses continue to break records, the use of these PCs for communications purposes is being constrained by the lack of availability of reasonably priced higher bandwidth transmission capability. As has been noted by many commenters, ISDN has the ability to send and receive multimedia information in a totally digital format. ISDN is the only

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<sup>6</sup> E.g., Bell Atlantic at 5.

<sup>7</sup> E.g., Cincinnati Bell at 5.

<sup>8</sup> Comments of LECs, IXCs, user groups, and consumer groups.

<sup>9</sup> E.g., Pacific Bell at 7.

immediately available telecommunications technology to provide the affordable, ubiquitous higher bandwidth needed for PC based communications. From the perspective of the information technology industry, ISDN is a platform for the creation of a mass market in a whole variety of information and telecommunications services.

In response to the request for comments in paragraph 35 of the Notice of Proposed Rulemaking, a number of commenters have undertaken analysis of cost-causation factors in the local loop.<sup>10</sup> ITI believes that the Commission has ample evidence in the submitted comments to reach an informed conclusion that the technological efficiencies of multichannel ISDN services would not require imposition of per-channel SLC assessments. In the words of Cable & Wireless, "Common line costs are non-traffic sensitive, and the common line revenue requirement is fixed. Accordingly, any action that increases demand will allow the usage-sensitive portion of the common line cost recovery mechanism to decrease while producing the same revenues."<sup>11</sup>

ITI therefore urges the Commission to remove multiple SLCs from ISDN service in order not to discourage its deployment. At a time when local exchange carriers, long distance carriers, and the computer industry are investing billions of dollars to deliver innovative, productivity-enhancing products that rely on more and more telecommunications bandwidth, the Commission should not adopt any rules that would directly reduce the demand for these new products and services.

ITI is also strongly convinced that there is a second, equally important, policy issue that the Commission should feel obligated to address, and that is what role the Commission should take to encourage the deployment of emerging, publicly-beneficial new technologies such as ISDN. For many people, end-to-end digital connectivity is clearly the highest, best use of today's public switched telecommunications network. The successful

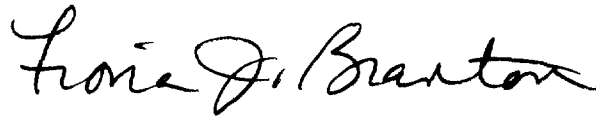
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<sup>10</sup> See comments of ITI at 6, Rochester Telephone Corp. at 3, Tennessee Public Service Commission at 3, Cable & Wireless, Inc. at 4, Southwestern Bell Telephone Company at 6-7, and Tele-Communications Association at 6, among others.

<sup>11</sup> Comments of Cable & Wireless at 4.

deployment of ISDN is an important step toward that end. In the competitive world market of the global information infrastructure, the success or failure of our unique American vision of the national information infrastructure is becoming increasingly dependent on the successful integration of computing, imaging and communications. The Commission should take steps that encourage, not retard, the deployment of such convergence technologies as ISDN.

Respectfully submitted,

A handwritten signature in black ink, reading "Fiona J. Branton". The signature is fluid and cursive, with the first name "Fiona" being more prominent and the last name "Branton" following in a similar style.

Fiona Branton  
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Regulatory Counsel  
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202-626-5751

July 15, 1995